

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

Taxation and Revenue Department

As in previous quarters, the Taxation and Revenue Department (TRD) is on track to meet its annual target for collections of outstanding balances, but falls short of its target for collectible audit assessments. The agency continued to reduce its vacancy rates, from a high of 29 percent in January 2019 to 20 percent in May 2020, although a statewide hiring freeze will likely make it difficult to further reduce vacancies for the foreseeable future. Reducing vacancies has helped to support performance targets in some areas, notably in the Motor Vehicle Division (MVD), where increased staffing levels and an emphasis on training have led to improvements in both call center and office wait times. As in previous quarters, increased emphasis on actionable improvement plans, with clear deadlines and assigned responsibilities, may help the agency to address ongoing challenges, such as increasing collections of audit assessments.

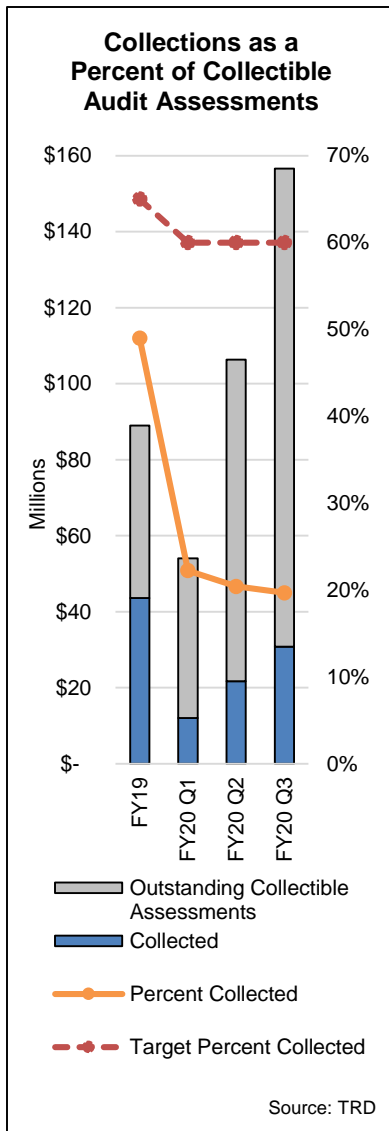
TRD continues to implement significant changes to processes and information technology (IT) infrastructure as a result of 2019 legislation authorizing numerous tax code changes. For FY21, the agency received \$8.4 million for enhancements to its combined reporting in GenTax, its tax administration software system, including tax changes.

In response to the COVID-19 public health emergency, TRD has postponed filing and payment deadlines for personal and corporate income taxes from April 15 to July 15. Most federal tax filing and payment deadlines are also extended to July 15. TRD district offices are open by appointment only, and MVD offices will reopen on an appointment-only basis on June 1.

Tax Administration

The Tax Administration Program is on track to meet its annual target for collections of outstanding balances. At the end of the third quarter, the program had collected \$125.4 million, or 17 percent, of the \$741.7 million collectible outstanding balance, almost three-quarters of its cumulative target for FY20. However, the program only collected \$30.8 million, or 20 percent, of \$156.6 million in collectible audit assessments, short of the department's goal of maintaining collections at 60 percent of collectible audit assessments. The performance measure was modified in House Bill 2 in the 2020 legislative session to reflect what TRD believes is a more feasible timeline to collect outstanding assessments. The existing measure includes a 90-day protest period, during which collection actions are not taken. The new measure will be effective in FY21.

In FY20, the Audit and Compliance Division (ACD) began using a new data analytics tool to identify the most collectible audit assessments, and also implemented a new point of sale cashing system which includes credit card processing and payment plan functionality. In FY21, ACD plans to implement enhancements to its collection manager tool as part of the GenTax upgrade. ACD could benefit from a detailed improvement action plan to address ongoing challenges with meeting collectible audit targets.



PERFORMANCE REPORT CARD

Taxation and Revenue Department
Third Quarter, Fiscal Year 2020

Budget: \$32,211 **FTE:** 497

Measure	FY18 Actual	FY19 Actual	FY20 Target	Q1	Q2	Q3	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year*	17%	19%	23%	9%	13%	17%	G
Collections as a percent of collectible audit assessments generated in the current fiscal year	50%	49%	60%	22%	21%	20%	R
Program Rating	Y	Y					Y

*Target is cumulative.

Due to the COVID-19 public health emergency, the U.S. Department of Homeland Security has postponed the date for requiring Real-ID compliant licenses at airport security checkpoints by a year, to October 1, 2021.

Motor Vehicle

The Motor Vehicle Program decreased MVD call center wait times significantly, from over 14 minutes, on average, in the two previous quarters, to six-and-a-half minutes. Despite continued high call volumes due to upcoming REAL ID compliance deadlines, MVD decreased wait times through customer service initiatives, including improved scripting for calls and other training. MVD also added eight call center agents.

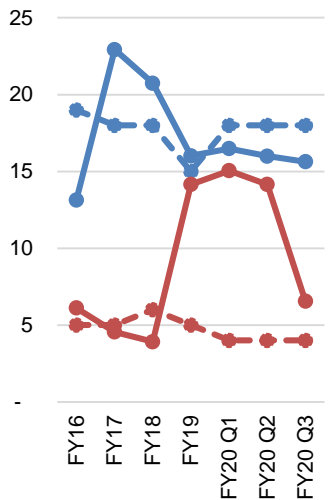
MVD continues to decrease wait times in its offices. Average wait times have decreased by nearly a minute from the first quarter of FY20. MVD plans to focus on process improvements for offices that receive higher volumes of customers, and has partnered with the Department of Workforce Solutions on customer service training. Due to the COVID-19 public health emergency, all MVD offices are closed until further notice, which may increase call volumes. Many MVD transactions can be completed online. MVD will automatically send temporary 90-day licenses to individuals whose drivers licenses expire.

The share of registered vehicles with liability insurance remains slightly below the target of 93 percent. As in previous quarters, MVD continues to make corrections to the number of vehicles it tracks, and is working with the Office of the Superintendent of Insurance (OSI) to address late and erroneous reporting by insurance companies. MVD should develop a clear action plan with target completion dates, in conjunction with OSI, to address this ongoing issue.

Budget: \$30,586 **FTE:** 338

Measure	FY18 Actual	FY19 Actual	FY20 Target	Q1	Q2	Q3	Rating
Registered vehicles with liability insurance	90%	90%	93%	90%	91%	90%	Y
Average wait time in "q-matic" equipped offices, in minutes	20:45	16:01	<18:00	16:29	16:00	15:38	G
Average call center wait time to reach an agent, in minutes	3:55	14:09	<4:00	15:03	14:08	6:33	Y
Program Rating	Y	Y					Y

Average Wait Time in MVD Offices and MVD Call Centers
(in minutes)



Source: TRD Quarterly Reports

*Only MVD q-matic equipped offices

Compliance Enforcement

The agency is on track to meet its target for referral of tax investigations to prosecutors. To date in FY20, TRD has referred 83 percent of investigations to prosecutors. The number of tax investigations opened annually is small, causing this measure to fluctuate significantly between each quarter. In the third quarter of FY20, two new cases were opened and two existing cases were referred to prosecutors. To date in FY20, six cases have been opened and five referred to prosecutors. To date in FY20, 100 percent of prosecuted cases have resulted in successful criminal prosecutions. No cases were prosecuted in the third quarter of FY20.

Budget: \$1,613 FTE: 21

Measure	FY18 Actual	FY19 Actual	FY20 Target	Q1	Q2	Q3	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	113%	61%	85%	33%	200%	100%	G
Successful tax fraud prosecutions as a percent of total cases prosecuted*	55%	100%	n/a	0%	100%	0%	

Program Rating

*Measure is explanatory and does not have a target

G

R

G

Program Support

The department is on track to meet its performance target for the number of tax protest cases resolved, resolving a total of 1,254 cases by the end of the third quarter, or 84 percent of its total target number of cases for FY20.

The department submitted a figure of 80 percent for internal audit recommendations implemented, which is on track to meet a goal of 92 percent for FY20. However, the Internal Audit Division is now also engaged in documenting procedures for all of TRD, and is counting completed internal controls as part of the performance measure on implementation of internal audit recommendations. This may not be a meaningful gauge of the division's efficacy, and does not directly address the performance measure. In the third quarter, the division completed 14 audits and has six audits in progress.

Budget: \$20,925 FTE: 182

Measure	FY18 Actual	FY19 Actual	FY20 Target	Q1	Q2	Q3	Rating
Tax protest cases resolved	1,315	1,003	1,500	472	410	429	G
Internal audit recommendations implemented	94%	61%	92%	25%	36%	80%	Y
Program Rating	G	R					Y

